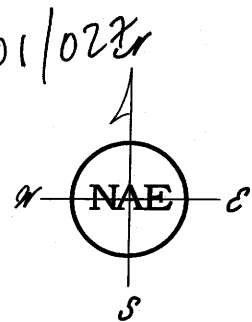


# NORTH AMERICAN EXPLORATION, INC.

MINERAL EXPLORATION SERVICES



February 9, 2006

MR. TIM L. MOSEY  
BASIN PERLITE COMPANY  
C/O RESOURCES CAPITAL FUND  
1400 16<sup>TH</sup> STREET, SUITE 200  
DENVER, CO 80202

Dear Tim:

Here is the report on the reclamation of the Pearl Queen Pit. We are also sending a copy to Mr. Tom Munson of the Utah Division of Oil, Gas and Mining, and Mr. Dick Rollins, who did the work.

I am out of town this week and will send some photos of the work. I have not had time to get organized on that task. Thank you for the work. The seeds are all under snow now. We hope for a wet winter and that we can see those seed grow next spring.

Best regards,

O. Jay Gatten

OJG/la

Enclosures

Cc: Correspondence (no encls.)  
Project (w/encls.)  
Tom Munson - DOGM (w/encls.)  
Dick Rollins - Rollins Constructions (w/encls.)

RECEIVED

FEB 10 2006

DIV. OF OIL, GAS & MINING

0001

PEARL QUEEN PERLITE PIT

RECLAMATION STATUS

PREPARED FOR:

MR. TIM L. MOSEY  
BASIN PERLITE COMPANY  
C/O RESOURCES CAPITAL FUND  
1400 16<sup>TH</sup> STREET, SUITE 200  
DENVER, CO 80202  
720/946-1444

PREPARED BY:

O. JAY GATTEN  
AMERICAN INSTITUTE OF PROFESSIONAL GEOLOGIST #4584  
UTAH PROFESSIONAL GEOLOGIST #5222768-2250

NORTH AMERICAN EXPLORATION, INC.  
447 NORTH 300 WEST, SUITE 3  
KAYSVILLE, UTAH 84037  
801/544-3421

JANUARY 30, 2006

## 1. INTRODUCTION

Basin Perlite Company, a wholly-owned subsidiary of Resource Capital Fund, operated an open-pit perlite mine under Utah Division of Oil, Gas and Mining (DOGM) Large Mine Permit M/001/027. The pit is located in the SE quarter of section 2, T27S-R9W, SLBM, about 12 miles northeasterly of Milford, Utah. This land is owned by the state and was mined under Metalliferous Lease ML 3092.

The Large Mine Permit covers the following areas (Exhibit A).

<u>Area</u>	<u>Acreage</u>
1. Pearl Queen Pit	20.55
2. Schoo Pit	12.10
3. Haul Road	<u>1.20</u>
TOTAL	33.85

This report relates only to work done on the Pearl Queen Pit. Work was done by Rollins Construction Company (Dick Rollins), Box 249, 1842 South Highway 21, Milford, Utah 84751, 435/387-2175. The work was managed by O. Jay Gatten of North American Exploration, Inc., 447 North 300 West, Suite 3, Kaysville, Utah 84037, 801/544-3421. Work was authorized by Tim Mosey of Resource Capital Fund, 1400 16<sup>th</sup> Street, Suite 200, Denver Colorado 80202, 720/946-1444.

## 2. SITE PREPARATION

Work was done during a period of unusually dry and mild winter weather and there was no snow cover. The area was graded and contoured to less than 2.0:1 (horizontal: vertical) slopes. In this process almost all of the existing weed cover was removed. A portion of a waste disposal area north of the pit and the access road are not being reclaimed

at this time. The road will be left intact until it is determined that seeding in the pit is successful. The road and the remainder of the waste disposal area will then be reclaimed. A variance has been granted in that the reclaimed slope in this area can be 60 degrees or less, which conforms to the adjoining steep hillsides.

This work was done with a D-8 dozer and a trackhoe between the period of January 9 to January 14, 2006. The site was inspected by Tom Munson of the DOGM on January 12, 2006. He verbally approved the slopes but requested that the ground be furrowed and "roughed up" prior to seeding. The area reclaimed was about 10.2 acres in size (Exhibit B).

### **3. SEED BED PREPARATION**

This consisted of three phases of work.

#### **3.1 Topsoil Redistribution**

Topsoil from existing stockpiles was redistributed over the 10.2 acres of land that have been disturbed. This work was done with a dozer and there was generally less than 6 inches of topsoil on the graded surface.

#### **3.2 Perlite Rubble Amendment**

The perlite rubble was amended using the DOGM recommended amount of at least 5 tons of composted manure per acre. A total of about 70 tons of manure were hauled by truck and then spread with a dozer. Soil and amended perlite overburden was spread over the 10.2 acre area to the depth of about 12 inches (Exhibit B).

### 3.3 Seed Bed Preparation

The ground was furrowed and "roughed up" in preparation for seeding. The dozer ripped parallel to the contour to a depth of 2 to 3 feet. In addition a track hoe was brought in and used to prepare the steeper southwest part of the pit. The result was a base of at least 2 feet of broken perlite overburden for the soil and amended perlite rubble. Piles of grubbed vegetation were moved on to furrowed land and then the land that had been beneath the piles was furrowed. This work was done between January 16 to January 18, 2006.

## 4. SEEDING

### 4.1 Seed Mix


Seeding was accomplished using the mix recommended by the DOGM (Exhibit C). This is a total of 11.5 pounds of seed per acre. In addition the DOGM recommended that an additional 50% of the seed mix be used (17.25 pounds per acre). This was done and a total of 200 pounds of seed was purchased (Exhibit D) and planted. This seed mix was based on a soil analysis (Exhibit E).

### 4.2 Seeding

Seeds were planted with a "4-wheeler" ATV and a planter in the flatter areas. Seeds were broadcast planted by hand on the steeper slopes. There was about 4 inches of snow on the property and it had drifted, resulting in snow cover from 0 to 18 inches. Seeding was done on January 20, 2006.

5. CERTIFICATION

I, O. Jay Gatten, certify that the above reclamation work was done to the best of my knowledge. I further state that the work was done according to the reclamation practices specified in Utah Large Mine Permit M/001/027. I have no ownership and do not contemplate any ownership, in Basin Perlite Company or Rollins Construction Company.

A handwritten signature in black ink, appearing to read 'O. Jay Gatten', is written over a horizontal line.

O. Jay Gatten

Certified Professional Geologist #4584

Utah Professional Geologist #5222768-2250



BASIN PERLITE COMPANY  
SURFACE FACILITIES MAP  
PEARL QUEEN MINE  
PERMIT M/001/027  
BEAVER COUNTY, UTAH  
T27S-R9W

DECEMBER 2002  
SCALE 1"=400'

Current Permit Boundary  
19.3 acres more or less

SEC. 2

Expansion 12/02-12/07  
4.75 acres more or less total

No Surface Disturbance  
UNTIL 12/07 2.7 acres

Proposed To  
Drop From  
Permit Area  
3.5 acres

Mine Road

Gate

Pit 2  
0.14 Acres

GPS Control Point  
87-1

GPS Control Point  
87-6

PEARL QUEEN  
MINE AREA  
10.10 Acres

Pit 1

Road To Be Permitted  
1.2 acres more or less

Road To Be  
Constructed

Permit Boundary

SCHOO PIT

Pit 3  
4.86 Acres

No Surface  
Disturbance  
UNTIL 12/07  
2.44 acres

Expansion  
7.24 acres more or less

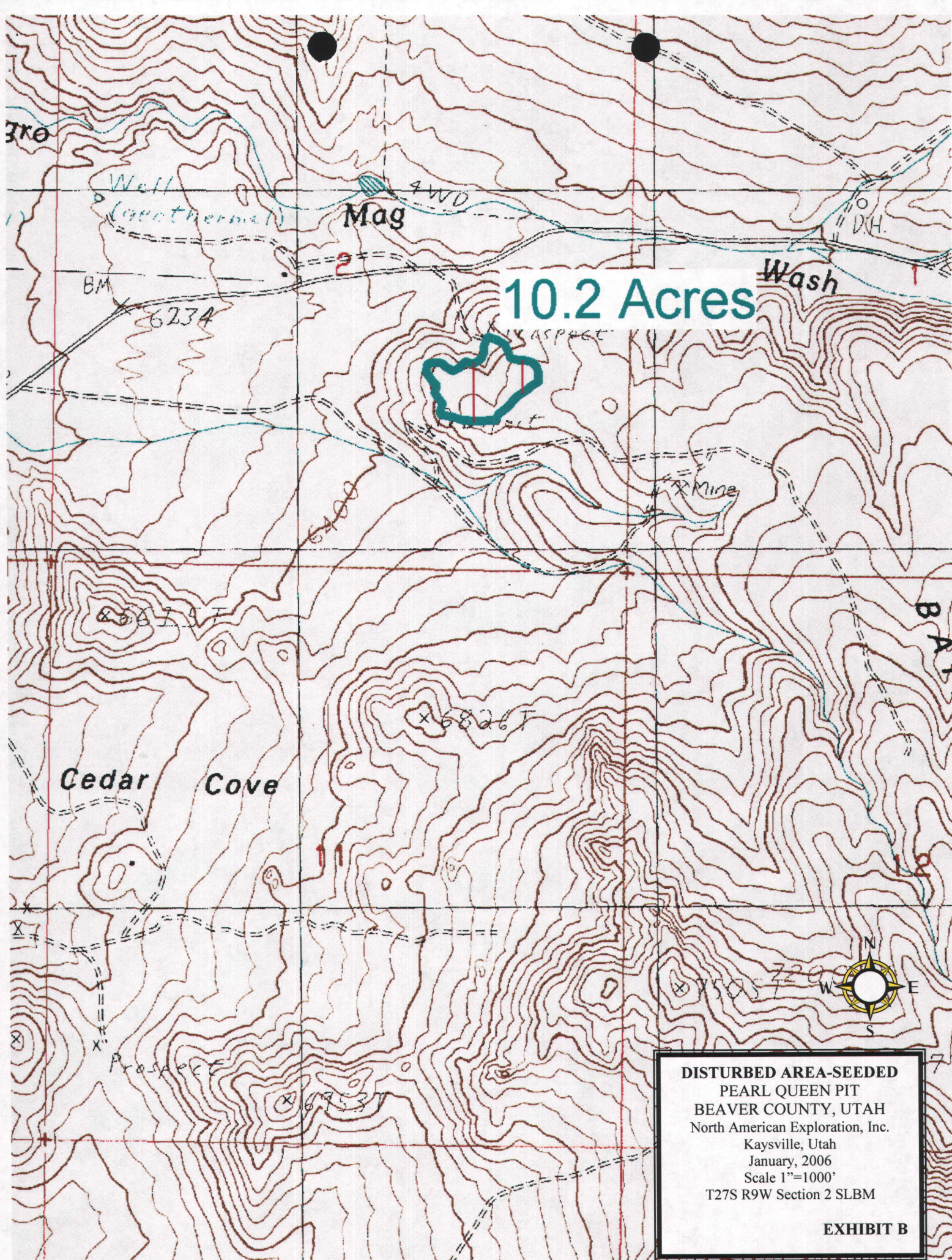
Mine Road

EXHIBIT A

GPS Control Point  
87-1

UTAH STATE MINERAL LEASE ML 3092





**DISTURBED AREA-SEEDED**  
**PEARL QUEEN PIT**  
**BEAVER COUNTY, UTAH**  
North American Exploration, Inc.  
Kaysville, Utah  
January, 2006  
Scale 1"=1000'  
T27S R9W Section 2 SLBM

**EXHIBIT B**



APPROVED

MAY 28 2003

DIV. OIL GAS &amp; MINING

Recommended seed mix for Basin Perlite

M/001/027

Prepared by Oil, Gas and Mining February 24, 2002

Species	Pounds Pure Live Seed/Acre
Bluebunch Wheatgrass	2
Sandberg Bluegrass	0.5
Indian Ricegrass	2
Thickspike Wheatgrass	1
Palmer Penstemon	0.25
Small Burnet	1
Northern Sweetvetch	0.5
Wyoming Big Sage	0.25
Fourwing Saltbush	1
Cliffrose	1
Bitterbrush	1
Curlleaf Mountain Mahogany	1

TOTAL 11.5

use + 50% of recommended seeds  
per acre (section 110.4 - first TP)

EXHIBIT C

## INVOICE



# Maple Leaf Company

450 So. 50 East • Ephraim, Utah 84827  
 (435) 283-4701  
 800-287-3182  
 FAX (435) 283-8872

MLC 19078

Bill to:

Ship to:

Date

1-17-05

P.O. No.

Phone # 435-387-2202

Shipped

Ordered By

Tax Yes / No

Resale Tax #

TERMS

RAWLINS MACHINE - DICK RAWLINS  
 1842 SOUTH HWY 21  
 MILFORD, UT 84751

CUSTOM SEED MIX									
- All WEIGHTS PLS/ACRE									
BLUEBUNCH - 2									
SANDBERG - .5									
INDIAN RICE - 2									
THICKSPIKE - 1									
PALMER - .25									
BURNETT - 1									
N. SWEET VETCH - .5									
ARTRW - .25									
ATCA - 1									
COMES - 1									
PUTR - 1									
CELE - 1									
MIX 200 BULK POUNDS								1500	00
								27	00
Received by Shipping, 5400 LK pay 1/2								93	75
								162	0,75

Errors and claims for allowance must be reported within 10 days. Carrier's receipt for merchandise constitutes delivery and acceptance of terms after which Maple Leaf Co. responsibility ceases. Maple Leaf Co. gives no warranty expressed, or implied, or as to productiveness of any seed it sells and will not be in any way responsible for the crop. A penalty charge of 1.5% per month (18% APR) will be billed on all past due invoices.

CUSTOMER

EXHIBIT D

APPROVED

MAY 28 2003

DIV. OIL GAS & MINING

**REPORT OF ANALYSIS**

North American Exploration  
Attn: Danny Gatten  
472 North Main  
Kaysville, Utah 84037

August 20, 1996  
Project# 96-499

1 sample for Miscellaneous analysis

ANALYTE	UNITS	Sample #1 Lab # 55306
Texture	---	sandy
pH	---	7.97*
Conductivity	µmhos/cm	1360*
SAR	---	0.200
Saturation %	%	1.30
Percent Organic Matter	%	2.20
Alkalinity	µg HCO <sub>3</sub> /ml	691*
Cation Exchange Capacity	meq/100g	19.3
CaCO <sub>3</sub>	%	2.36
Sulfur (Acid Potential)	%	0.03
Selenium	ppm	< 10
Total Nitrogen	%	0.27
Nitrate Nitrogen	%	< 0.04
Phosphorus (as P <sub>2</sub> O <sub>5</sub> )	%	0.19
Potassium (as K <sub>2</sub> O)	%	1.03

\* - from saturated extract

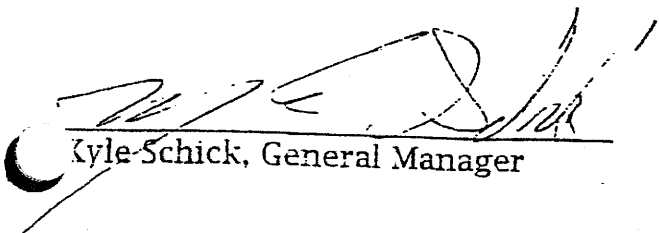
  
Kyle Schick, General Manager

EXHIBIT E